

**Himachal Pradesh University, Summer Hill, Shimla-5**  
**Centre for Distance and Online Learning**  
**Department of Economics**

**MA (Economics) II Semester**  
**Paper: Macro Economics**  
**Course Code-ECON121(DSC)**

**Important Instruction:** All the students are required to prepare all three assignments separately. These assignments are compulsory to submit in a time bound manner, otherwise admit card for the exams will not be generated. A sample of the title page is also attached.

**Assignment- I**

**Maximum Marks – 07**

**Note: Attempt any two questions out of following:**

- Q1. Explain the Keynesian model of employment and show the impact of an increase in money supply on the level of employment in this model.
- Q2. Explain Keynes' psychological law of consumption. Explain the importance in the determination of income and employment in the economy.
- Q3. What is life cycle income hypothesis? Also differentiate it from permanent income hypothesis.
- Q4. What is marginal efficiency of capital? How it is calculated? What are the factors that determine marginal efficiency of capital in the economy?

**3.5 × 2 = 7**

**Assignment-II**

**Maximum Marks – 7**

**Note: Attempt any two questions out of following:**

- Q1. Explain Harrod-Domar growth model and point out its weaknesses.
- Q2. What factor, according to neo-classical theory determine investment in the economy?
- Q3. What is meant by neutrality of money? How did classical economist explain that money had no effect on real income, output and employment?
- Q4. Explain how the interaction of multiplier and accelerator explains cyclical fluctuations in the economy?

**3.5 × 2 = 7**

### **Assignment-III**

**Maximum Marks–6**

**Note: Attempt any two questions out of following:**

- Q1. What is Phillips Curve? What kind of trade-off between unemployment rate and inflation rate does it imply?
- Q2. What do you mean by rational expectations? Also examine their role in the effectiveness of macroeconomics policies.
- Q3. What are the main factors that cause cost-push inflation? Suggest measures to control cost-push inflation?
- Q4. What is meant by crowding out effect? Show how the expansionary effect of fiscal policy is reduced by the crowding out effect?

**3× 2=6**

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**MA (Economics) .....Semester**

**Session.....**

**Assignment Subject: .....**

**Course Code: .....**

**Assignment No. ....**

**Submitted by:**

**Name: .....**

**Registration No.....**

**Roll No.....**

**Address .....**

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**Email id.....**

**Contact No. ....**

**Date:.....**

**Signature.....**